

June 26, 2019



EAS Proposal of Hyannis Air Service, Inc. dba Cape Air for:  
**Quincy, IL**

Docket DOT-OST-2003-14492

With codeshare of **American Airlines** 

Hyannis Air Service, Inc., dba Cape Air  
Attn: Andrew Bonney, SVP Planning  
660 Barnstable Road, Hyannis, MA 02601  
(508) 862-9719



# Cape Air Fast Facts



- Scheduled airline since 1989
- 86 aircraft in the fleet
- 34 cities served
- 750 employees
- Flying 500,000+ passengers per year
- Employee-owned and empowered workforce



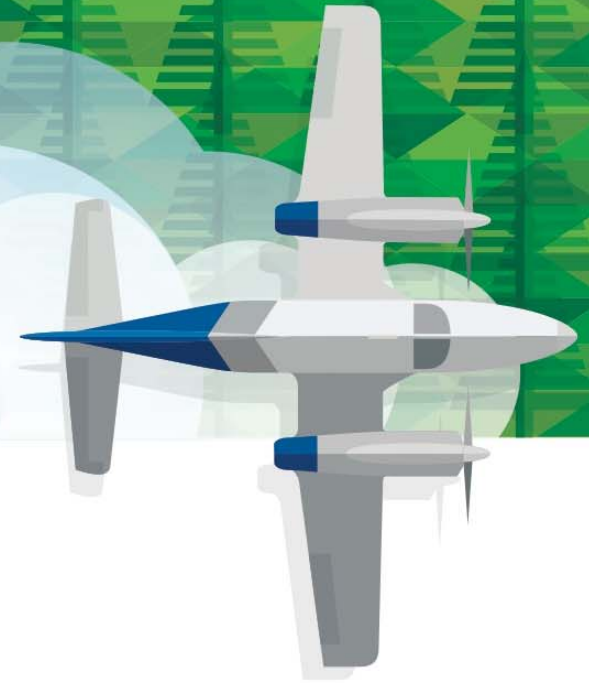




Featuring

# World class distribution

- ✓ Codeshare with American Airlines
- ✓ Interline with all the legacy airlines
- ✓ Distribution through major online travel agencies
- ✓ Cape Air controls its own fares



*Cape Air*

# Airline Partners

Cape Air connects with:



Cape Air codeshares with American Airlines,  
which would put Quincy on www.aa.com



Depart Marion, IL to Dallas/ Fort Worth, TX  
Tuesday, July 30, 2019

American Airlines flights may be listed first.

[Product comparison](#)

Lowest Fare	Flexible						Sun, Jul 28	Mon, Jul 29	Tue, Jul 30	Wed, Jul 31	Thu, Aug 01	
							\$ 249	\$ 209	\$ 209	\$ 209	\$ 209	

Sort by: Relevance

[Main Cabin](#)

[First](#)

MWA DFW  
6:15 AM → 9:41 AM 3h 26m [1 stop](#)

MWA - STL ■ AA 8343 ■ CNA-Cessna (Light)  
Operated by Hyannis Air Service As Cape Air

STL - DFW ■ AA 1410 ■ M80-MD-80

Please note connection time

[Details](#) | [Seats](#)

One way  
\$209

One way  
\$4,875  
Flexible

With Cape Air service, Quincy is an American Airlines city



# Connecting itineraries are also available on united.com...



**UNITED**

United States | English | Saved trips | Contact us

MileagePlus: Sign in or join

From  
New York/Newark, NJ, US (EWR)

To  
Kirksville, MO, US (IRK)

Departure date  
Sep 17, 2019

Return date  
Add return date

Search by:  
☒ Price ☐ Award travel

Update

Advanced search

25,000 BONUS MILES

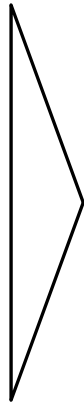
\$250 STATEMENT CREDIT

No blackout dates [Learn more](#)

*Cape Air*



# Cape Air participates in TSA's PreCheck program



With TSA Pre✓<sup>®</sup> you **don't** need to remove:



SHOES



LAPTOPS



3-1-1 LIQUIDS



BELTS



LIGHT JACKETS





Cape Air includes a ramp-side inter-terminal shuttle for St. Louis, facilitating seamless connections between terminals without having to re-clear security



**Cape Air's St. Louis inter-terminal shuttle**

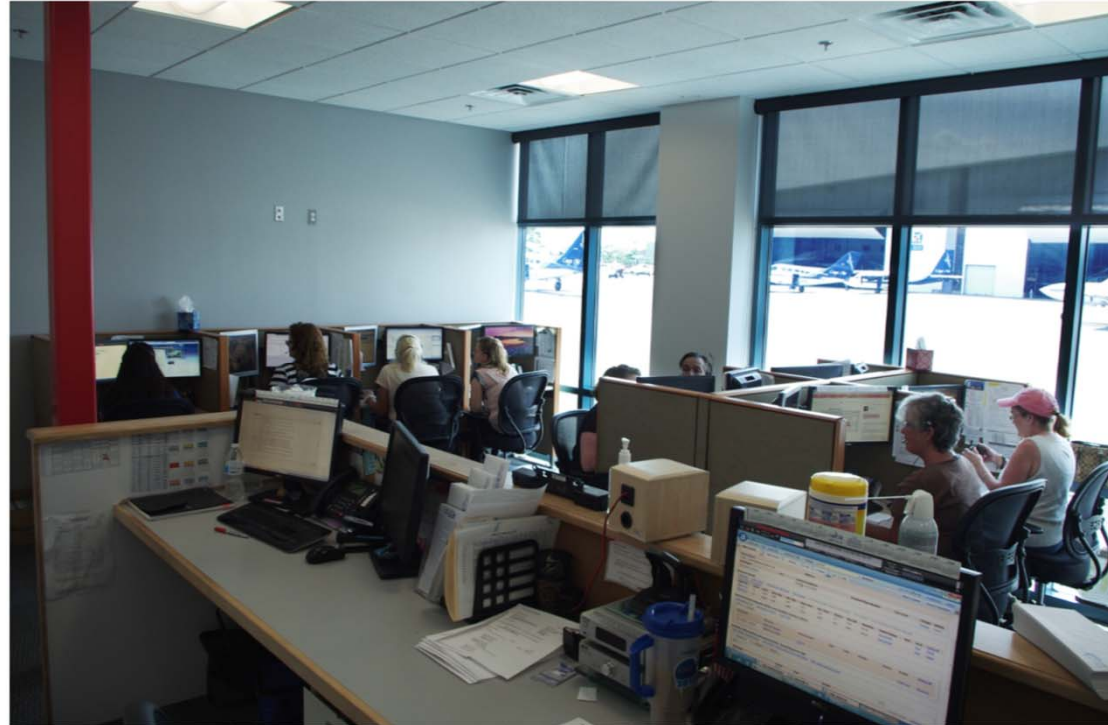
No TSA rescreening  
to connect between  
terminals at St.  
Louis!



# Reservations: 1-800-CAPE-AIR



## Cape Air Reservations Department

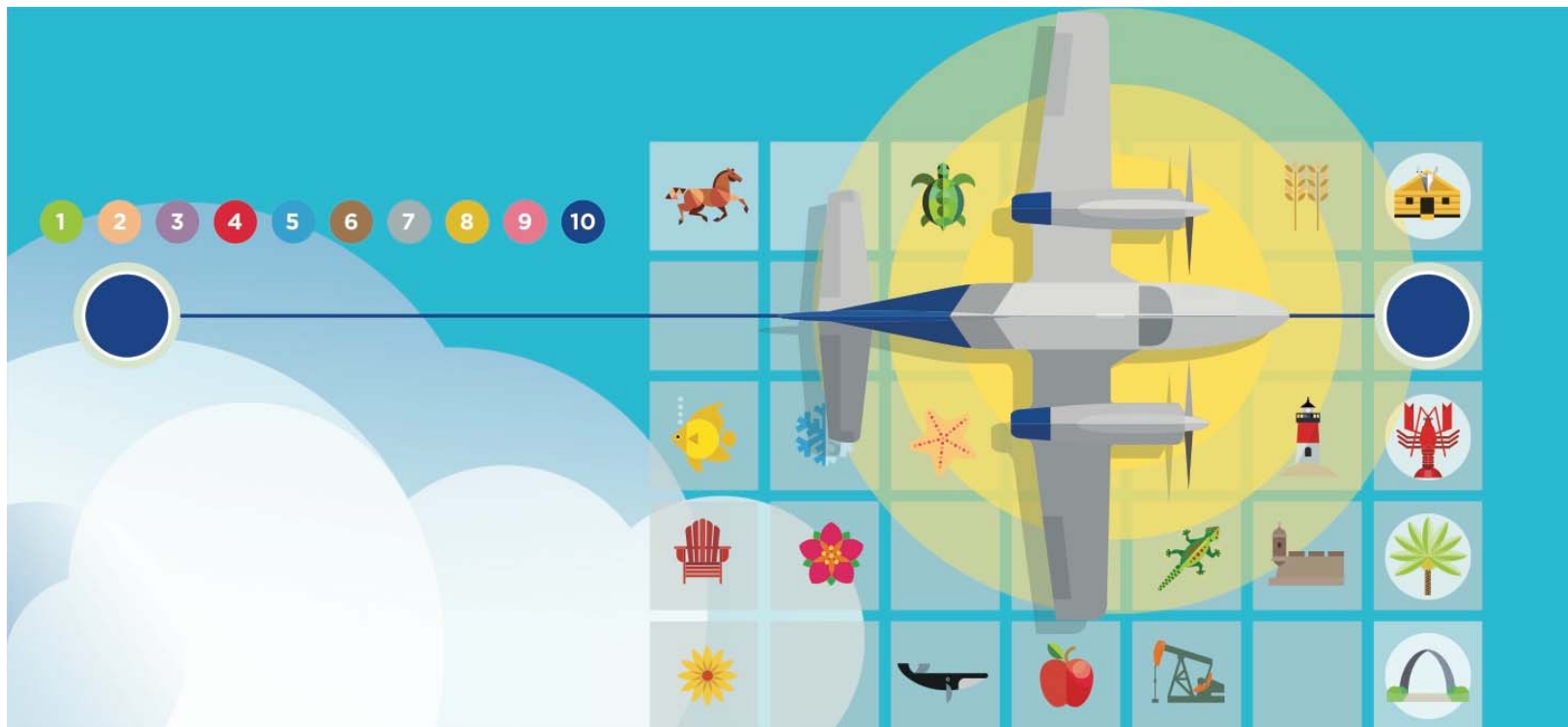


**No fee to speak  
with a reservations  
agent!**



# TravelPass

## Electronic 10-ticket discount program





# Commitment To Safety





# Safety first

Core of our culture



## Cape Air's #1 priority is the safety of our operation

- Multi-engine aircraft
- Safety audits annually by:
  - American Airlines
  - United Airlines
  - JetBlue Airways
- SMS program approved by FAA
- 30 years experience
  - 100,000+ flights per year
- FAA certified under Part 121 + 135
- All captains have an Air Transport Pilot Certificate
  - 1,500 hours minimum
- Director of Safety
  - Department of 3 safety professionals
- WAAS-enabled GPS navigation

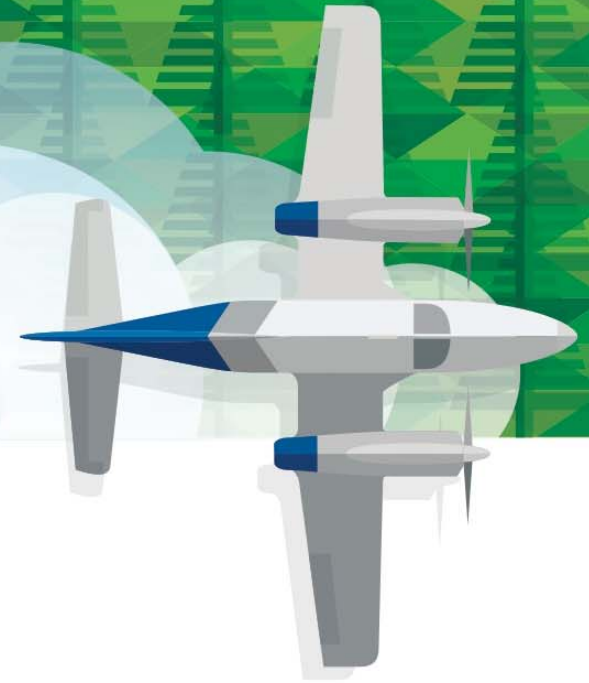
Safety mantra:  
“Make the tough call in the  
name of safety, and we will  
support you”



Tecnam P2012 Traveller

# Brand New Aircraft

Proposed for Quincy



# Cape Air proposes Quincy service in our fleet of brand new twin-engine Tecnam P2012 Travellers



## Taxi-out of Cape Air's first production Tecnam P2012 Traveller

March 19, 2019



### Features

- **Two engines, for safety**
- 9 passenger seats
- 2 pilot seats, and certificated for single pilot operations
- Italian leather seats
- Air conditioning
- LED lighting
- USB ports





The “Traveller” was custom designed by Cape Air and Tecnam with communities like Quincy in mind



### Highlights

- The first new purpose-designed commuter aircraft in 40 years
- Brand-new design
- Electronically controlled engines
- Glass cockpit
  - Garmin G1000 Nxi avionics
- Luxurious cabin with 9 single seats







## *Cape Air's Tecnam P2012 Traveller*

# Hub Options

## Options:

- 36x weekly to/from St. Louis Lambert International Airport (STL)
- 24x weekly to/from STL + 12x weekly to/from Chicago O'Hare
- 18x weekly to/from STL + 18x weekly to/from Chicago O'Hare



Cape Air is delighted to offer Quincy the option to have flights to both St. Louis and Chicago O'Hare



### Chicago, Illinois



### Chicago fast facts

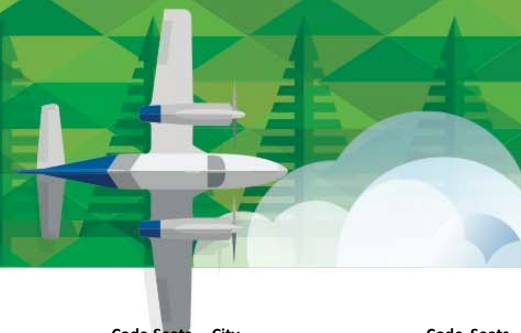
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- Population (2018): 2,705,994
- Hosted 58 million visitors in 2018
- Top Chicago attractions:
  - Millennium Park
  - Navy Pier
  - Shedd Aquarium
  - The Field Museum
  - Museum of Science and Industry
- Chicago O'Hare Airport: one of the largest airports in the world





# In addition to being a world-class destination, Chicago O'Hare has non-stop air service to 244 destinations



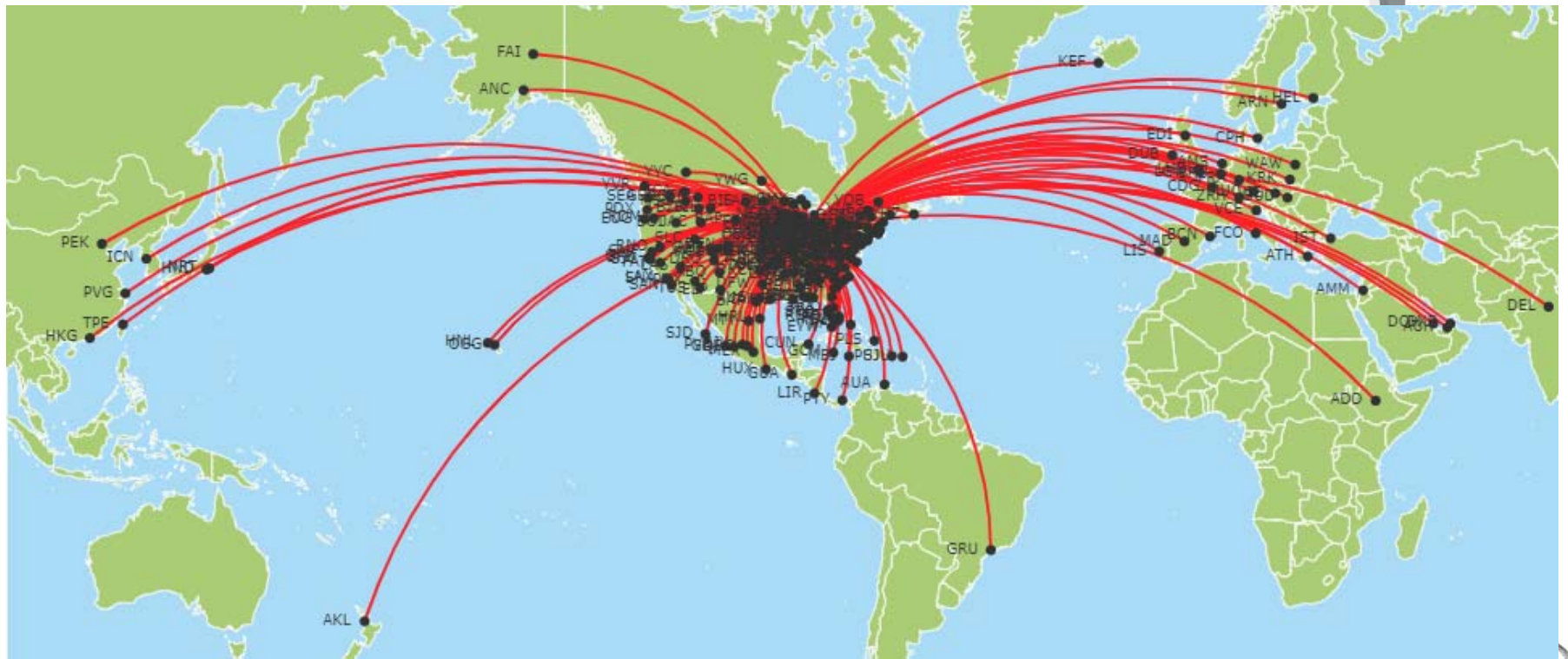
## Chicago O'Hare cities served (June 2019 OAG)

<u>City</u>	<u>Code</u>	<u>Seats</u>	<u>City</u>	<u>Code</u>	<u>Seats</u>	<u>City</u>	<u>Code</u>	<u>Seats</u>	<u>City</u>	<u>Code</u>	<u>Seats</u>	<u>City</u>	<u>Code</u>	<u>Seats</u>	<u>City</u>	<u>Code</u>	<u>Seats</u>
New York, NY	LGA	38,817	Santa Ana, CA	SNA	8,472	Harrisburg, PA	MDT	4,133	Abu Dhabi, UAE	AUH	2,660	Stockholm, Sweden	ARN	1,862	Monterrey, Mexico	MTY	1,064
Los Angeles, CA	LAX	31,076	Salt Lake City, UT	SLC	8,139	Jacksonville, FL	JAX	4,081	Appleton, WI	ATW	2,650	Copenhagen, Denmark	CPH	1,862	Kalamazoo, MI	AZO	1,050
Dallas/Ft. Worth, TX	DFW	27,429	Indianapolis, IN	IND	8,097	Memphis, TN	MEM	4,077	Peoria, IL	PIA	2,650	Erie, PA	ELP	1,856	Budapest, Hungary	BUD	504
Denver, CO	DEN	26,354	Buffalo, NY	BUF	7,513	Sacramento, CA	SMF	4,063	Rochester, MN	RST	2,630	La Crosse, WI	LSE	1,850	Manhattan, KS	MHK	1,050
San Francisco, CA	SFO	25,877	Tampa, FL	TPA	7,401	San Jose, CA	SJC	4,010	Duluth, MN	DLH	2,590	Colorado Springs, CO	COS	1,772	Toledo, OH	TOL	1,050
Boston, MA	BOS	24,345	Dublin, Ireland	DUB	7,203	Louisville, KY	SDF	3,980	Providence, RI	PVD	2,570	Kalispell, MT	FCA	1,754	Oakland, CA	OAK	1,015
Seattle, WA	SEA	21,737	Omaha, NE	OMA	7,112	Jackson, WY	JAC	3,928	Rapid City, SD	RAP	2,570	Charlottesville, VA	CHO	1,750	Columbia, SC	CAE	1,000
Atlanta, GA	ATL	21,568	Cincinnati, OH	CVG	6,914	Hong Kong	HKG	3,927	Myrtle Beach, SC	MYR	2,560	Philipsburg, PA	SCE	1,750	Charleston, WV	CRW	1,000
Minneapolis/St. Paul, MN	MSP	21,012	Grand Rapids, MI	GRR	6,641	Cedar Rapids, IA	CID	3,906	San Juan, PR	SJU	2,552	Allentown/Bethlehem, PA	ABE	1,700	Dubuque, IA	DBQ	1,000
Washington, DC	DCA	18,893	Cancun, Mexico	CUN	6,605	Calgary, AB	YYC	3,882	Lexington, KY	LEX	2,505	Scranton, PA	AVP	1,700	Saginaw, MI	MBS	1,000
New York, NY	LHR	18,541	Vancouver, BC	YVR	6,600	Seoul, Republic of Korea	ICN	3,542	White Plains, NY	HPN	2,504	Lansing, MI	LAN	1,676	Springfield, IL	SPI	1,000
London, UK	LHR	17,269	Syracuse, NY	SYR	6,472	Amsterdam, Netherlands	AMS	3,518	Dubai, UAE	TPE	2,492	Taipei, Taiwan	TPE	1,665	Manchester, NH	MHT	980
Philadelphia, PA	PHL	17,014	Tokyo, Japan	NRT	6,383	Oklahoma City, OK	OKC	3,511	Istanbul, Turkey	IST	2,443	Bangor, ME	BGR	1,663	Bloomington, IL	BMI	958
Houston, TX	IAH	16,972	Washington, DC	IAD	6,269	Bozeman, MT	BZN	3,480	Madrid, Spain	MAD	2,436	Champaign/Urbana, IL	CMI	1,608	Sioux City, IA	SUX	950
Las Vegas, NV	LAS	16,749	New York, NY	JFK	6,148	Shanghai, China	PVG	3,449	Wichita, KS	ICT	2,400	Athens, Greece	ATH	1,582	Wilmington, NC	ILM	921
Orlando, FL	MCO	15,762	Rochester, NY	ROC	6,108	Knoxville, TN	TYS	3,444	Delhi, India	DEL	2,394	Venice, Italy	VCE	1,582	Fresno, CA	FAT	918
Phoenix, AZ	PHX	14,948	Des Moines, IA	DSM	6,053	Burlington, VT	BTW	3,423	Fort Wayne, IN	FWA	2,380	Boise, ID	BOI	1,554	Grand Cayman	GCM	888
Charlotte, NC	CLT	14,828	Munich, Germany	MUC	5,907	Zurich, Switzerland	ZRH	3,352	Reykjavik, Iceland	KEF	2,375	South Bend, IN	SBN	1,520	Krakow, Poland	KRK	882
Miami, FL	MIA	12,374	Albany, NY	ALB	5,815	Springfield, MO	SGF	3,290	Savannah, GA	SAV	2,347	Tokyo, Japan	HND	1,484	Marquette, MI	MQT	845
Detroit, MI	DTW	12,304	Fort Lauderdale, FL	FLL	5,638	Reno, NV	RNO	3,276	Doha, Qatar	DOH	2,345	Lisbon, Portugal	LIS	1,461	Auckland, New Zealand	AKL	840
Toronto, ON	YYZ	11,973	Madison, WI	MSN	5,570	Green Bay, WI	GRB	3,275	Greenville, SC	GSP	2,316	Pensacola, FL	PNS	1,366	Waterloo, IA	ALO	700
Raleigh/Durham, NC	RDU	11,901	San Antonio, TX	SAT	5,304	Charleston, SC	CHS	3,262	Birmingham, AL	BHM	2,288	Addis Ababa, Ethiopia	ADD	1,350	Bismarck/Mandan, ND	BIS	700
Cleveland, OH	CLE	10,933	Fort Myers, FL	RSW	5,116	Warsaw, Poland	WAW	3,150	Tucson, AZ	TUS	2,240	Asheville, NC	AVL	1,350	Hancock/Houghton, MI	CMX	700
San Diego, CA	SAN	10,584	Paris, France	CDG	4,907	Portland, ME	PWM	3,056	Panama City, Panama	PTY	2,156	Lincoln, NE	LNK	1,350	Eau Claire, WI	EAU	700
Kansas City, MO	MCI	10,295	Rome, Italy	FCO	4,872	Beijing, China	PEK	3,037	Greensboro, NC	GSO	2,050	Philadelphia, PA	TTN	1,302	Muskegon, MI	MKG	700
Pittsburgh, PA	PIT	10,244	Norfolk, VA	ORF	4,608	Sioux Falls, SD	FSD	2,995	Helsinki, Finland	HEL	2,023	Huntsville, AL	HSV	1,250	Winnipeg, MB	YWG	700
Baltimore, MD	BWI	10,206	New Orleans, LA	MSY	4,589	Columbia/Jefferson City, MO	COU	2,940	Amman, Jordan	AMM	2,000	Quebec, QC	YQB	1,232	Chattanooga, TN	CHA	650
Mexico City, Mexico	MEX	9,866	Montreal, QC	YUL	4,436	Tulsa, OK	TUL	2,935	Akron/Canton, OH	CAK	2,000	Edinburgh, UK	EDI	1,183	Paducah, KY	PAH	650
Columbus, OH	CMH	9,840	Traverse City, MI	TVC	4,318	Flint, MI	FNT	2,910	Vienna, Austria	VIE	1,952	Fairbanks, AK	FAI	1,162	Joplin, MO	JLN	616
Austin, TX	AUS	9,746	Fayetteville, AR	XNA	4,314	Barcelona, Spain	BCN	2,894	Wausau, WI	CWA	1,950	Spokane, WA	GEG	1,151	Quincy, IL	UIN	600
Hartford, CT	BDL	8,859	Anchorage, AK	ANC	4,282	Albuquerque, NM	ABQ	2,766	Evansville, IN	EVV	1,950	London, UK	LGW	1,142	Montrose/Delta, CO	MTJ	566
Portland, OR	PDX	8,856	Richmond, VA	RIC	4,262	Fargo, ND	FAR	2,719	Brussels, Belgium	BRU	1,869	Aspen, CO	ASE	1,120	Billings, MT	BIL	532
Frankfurt, Germany	FRA	8,694	Dayton, OH	DAY	4,254	Moline, IL	MLI	2,700	Sao Paulo, Brazil	GRU	1,869	West Palm Beach, FL	PBI	1,120	Leon-Guanajuato, Mexico	BIX	532
St. Louis, MO	STL	8,691	Milwaukee, WI	MKE	4,206	Little Rock, AR	LIT	2,688	Honolulu, HI	HNL	1,869	Missoula, MT	MSO	1,092	Eugene, OR	EUG	532
Nashville, TN	BNA	8,602	Guadalajara, Mexico	GDL	4,192	Punta Cana, Dominican Republic	PUJ	2,676	Kahului, HI	OGG	1,869	Roanoke, VA	ROA	1,069	Great Falls, MT	GTF	532

Cape Air has existing American Airlines codeshare on St. Louis service; if Chicago service is selected, Cape Air would invite American Airlines to codeshare



# Chicago O'Hare route map

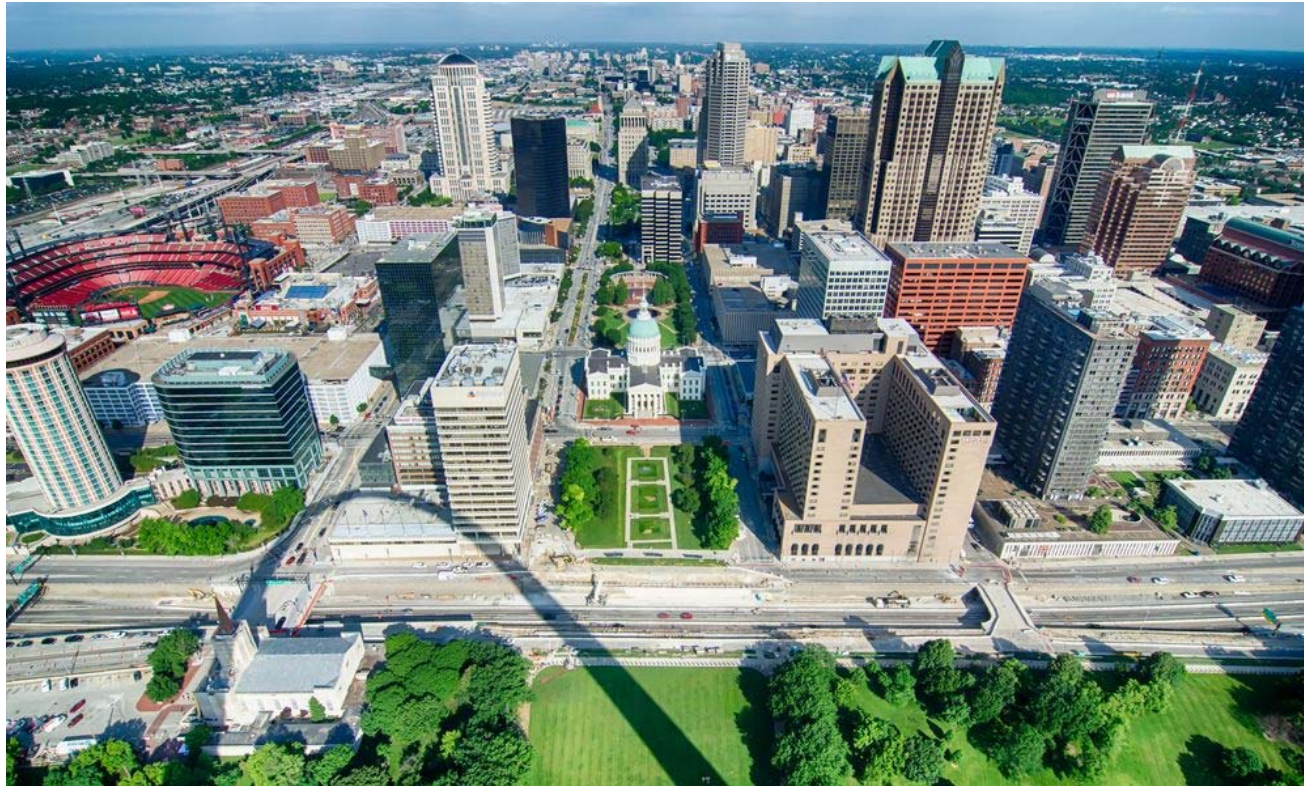


Source: OAG June 2019

And, St. Louis continues to be a great destination and connect point for Quincy



**St. Louis skyline**





# St. Louis has non-stop service to 68 destinations



## St. Louis Lambert cities served

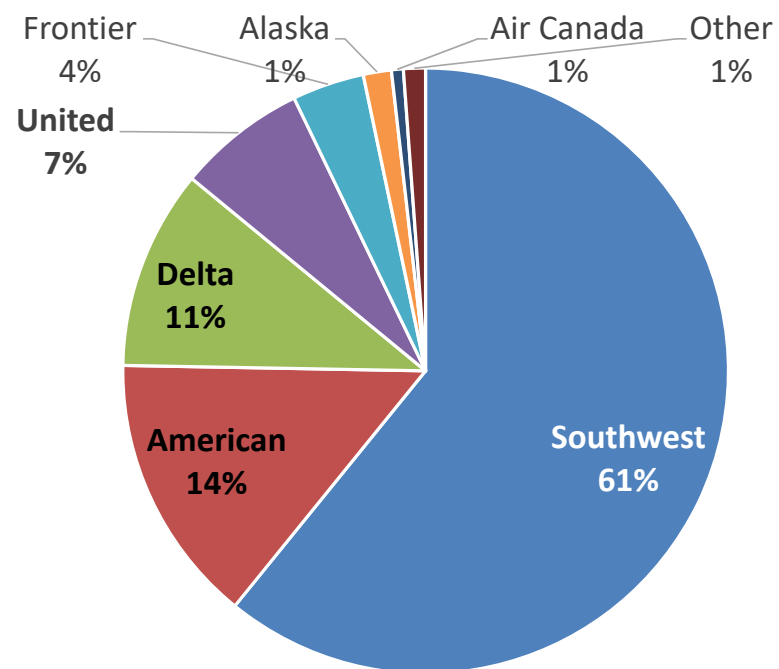
Rank	Destination	Seats	Rank	Destination	Seats	Rank	Destination	Seats	Rank	Destination	Seats
1	Atlanta, GA	55,354	18	Newark, NJ	17,783	35	Raleigh/Durham, NC	8,755	52	Washington, DC (Dulles)	4,520
2	Denver, CO	44,858	19	Baltimore, MD	17,593	36	Milwaukee, WI	8,473	53	Sacramento, CA	4,450
3	Chicago, IL (O'Hare)	39,616	20	Seattle, WA	15,515	37	Oklahoma City, OK	8,326	54	San Jose, CA	4,386
4	Dallas/Ft. Worth, TX (DFW)	31,780	21	Boston, MA	15,465	38	Austin, TX	8,296	55	Cincinnati, OH	2,680
5	Minneapolis/St. Paul, MN	31,474	22	Kansas City, MO	14,206	39	Des Moines, IA	8,025	56	Punta Cana, DR	2,418
6	Chicago, IL (Midway)	30,766	23	San Francisco, CA	13,113	40	Salt Lake City, UT	8,008	57	Fort Leonard Wood, MO	1,500
7	New York, NY (LGA)	29,991	24	Omaha, NE	12,315	41	Wichita, KS	7,993	58	Marion/Herrin, IL	1,350
8	Orlando, FL	26,833	25	Nashville, TN	12,283	42	Tulsa, OK	7,897	59	Charleston, SC	1,144
9	Washington, DC (DCA)	25,899	26	San Diego, CA	11,474	43	Little Rock, AR	7,865	60	Pensacola, FL	858
10	Phoenix, AZ	25,568	27	Cleveland, OH	11,186	44	Fort Myers, FL	7,410	61	Kirksville, MO	810
11	Dallas, TX (Love)	24,760	28	Tampa, FL	11,145	45	Miami, FL	6,448	62	Owensboro, KY	810
12	Detroit, MI	22,814	29	Houston, TX (Bush)	10,713	46	Portland, OR	6,211	63	Decatur, IL	495
13	Philadelphia, PA	22,667	30	Fort Lauderdale, FL	10,524	47	Panama City, FL	5,530	64	Fort Dodge, IA	470
14	Los Angeles, CA	22,572	31	Columbus, OH	9,427	48	Toronto, ON	5,400	65	Montego Bay, Jamaica	429
15	Las Vegas, NV	22,367	32	Cancun, Mexico	9,045	49	Hartford, CT	5,186	66	Jonesboro, AR	308
16	Charlotte/Concord, NC	19,692	33	San Antonio, TX	8,996	50	Pittsburgh, PA	5,005	67	Burlington, IA	200
17	Houston, TX	18,587	34	New Orleans, LA	8,772	51	Oakland, CA	4,770	68	Jackson, TN	200
<b>Total</b>										<b>851,779</b>	

Source: OAG June 2019





# St. Louis seat share by airline



Source: OAG June 2019

# Cape Air's codeshare partner American Airlines flies to nine non-stop destinations from St. Louis

## American Airlines' route map at St. Louis

June 2019



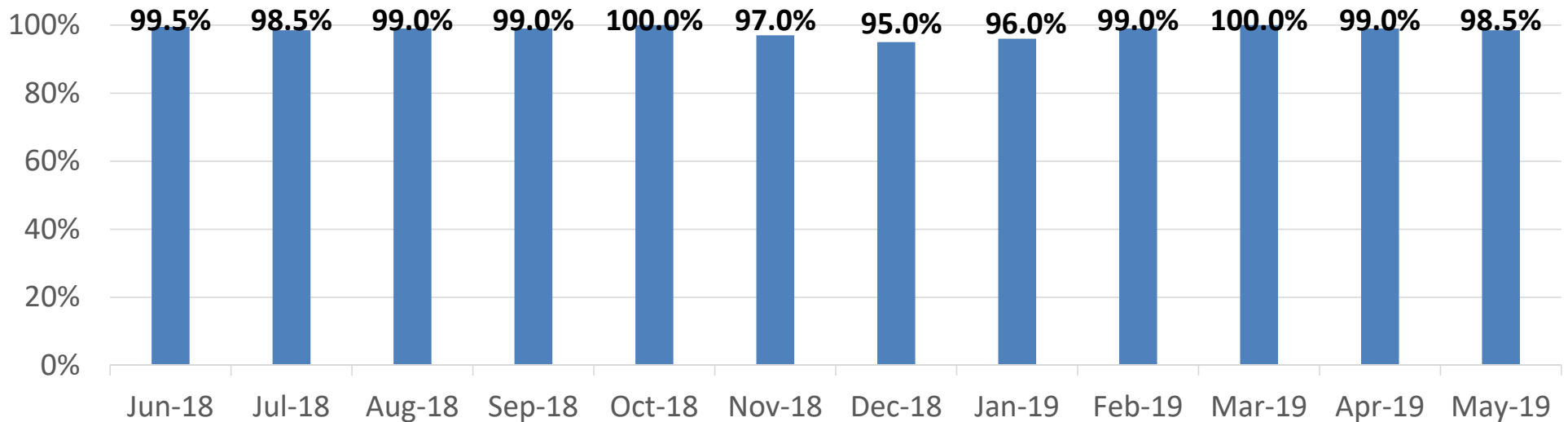
Source: OAG June 2019

Cape Air

Reliability is a Cape Air forte, with company controllable completion rates of 98.4% during the last year in a comparable Midwest market



Company controllable completion rate MWA-STL



Cape Air offers communities reliable,  
high-frequency service





# Marketing

And Community Engagement



Cape Air's marketing for Quincy, with a \$45,000 budget, would be active and targeted



Salukis  
speed to  
St. Louis.

Easy connections  
Free parking

From Veterans Airport  
**\$29\***  
each way

*Cape Air.* **Book flights**

The Cape Air logo is prominently displayed in a stylized script. To its right is a dark blue button with the text 'Book flights' in white. Above the logo, a small illustration of a Cape Air aircraft is shown in flight.

- Targeted online/digital marketing
- Advanced SEO and SEM
- Outdoor
- Radio: FM/AM and streaming digital
- TV
- Social
- Print
- Community engagement
- Contesting
- Event sponsorship

Where do you  
need to be?

Fly from Veterans Airport  
for easy connections.  
Free parking.

**Book flights**

St. Louis  
**\$29\***  
each way

ST. LOUIS  
CHICAGO  
DENVER  
LAS VEGAS  
NASHVILLE  
ORLANDO

*Cape Air.*

The Cape Air logo is prominently displayed in a stylized script. To its right is a dark blue button with the text 'Book flights' in white. Above the logo, a small illustration of a Cape Air aircraft is shown in flight.

In addition to advertising, engagement with local organizations is core to Cape Air's service for Quincy



**Community engagement and event participation—a Cape Air forte**





# Cape Air Magazine, in front of more than 500,000 passenger per year, promotes each community Cape Air serves



Destination Guides

ROUTE MAP

## The Midwest

From expansive parks and preserves to cultural events, there is plenty to do in each of these cities – anchored by the major metropolitan areas of Chicago and St. Louis – proving the Midwest is more than just a collection of “fly-over” states.

**OWENSBORO, KY**

- International Bluegrass Music Museum
- Southern Park
- Owensboro Museum of Science and History
- Miller House

**CHICAGO, IL**

- Guentz Park
- Wrigley Field
- Magnificent Mile
- Art Institute of Chicago

**MARION, IL**

- Cab Orchard National Wildlife Refuge
- Shawnee National Forest
- Southern Illinois University
- McLeod Summer Playhouse

**Bluegrass Music Museum**

### Top Annual Events

**MAY-SEPTEMBER**  
**Southern Illinois Miners Baseball Season** - Marion, IL  
Come see Southern Illinois' favorite baseball team, the Miners, play regularly at Rest One Park.

**JULY**  
**Let Them Eat Art** - St. Louis, MO  
This whimsical tribute to Bortle Day includes a self-guided tour through the streets of historic Maplewood, live art demonstrations, music, entertainment, and food and drink specials street-side.

**JULY**  
**NEMO Fair** - Kirksville, MO  
This week of food, fun, rides, games, concerts, contests, and agriculture celebrates life in northeast Missouri at the NEMO Fairgrounds.

**AUGUST**  
**Decatur Craft Beer Festival** - Decatur, IL  
One of the biggest food-and-beer events of the year for the Decatur Area Arts Council, this event brings more than 80 craft beers from multiple Central Illinois breweries and local food trucks to downtown for a day of socializing and sampling.

**SEPTEMBER**  
**Owensboro Air Show** - Owensboro, KY  
All eyes will be on the skies over the Ohio River as performers showcase vintage warbirds, aerobatic demonstrations, and military jets, including the navy's Blue Angels.

**SEPTEMBER**  
**Great Forest Park Balloon Race** - St. Louis, MO  
An evening fair with live music, pony rides, and skydiving performances culminates with more than 70 hot-air balloons racing across the St. Louis skyline the next day.

### Like a Local

Businessman, developer, and civic leader who helped revitalize the Delmar Loop area in St. Louis, Joe Edwards reveals his favorite attractions in this major city along the mighty Mississippi.

**Museum of Westward Expansion**  
“Don’t spend all your time looking up when you visit the Gateway Arch. This museum, located under the arch, tells the story of Lewis and Clark and other early pioneers who explored the American frontier.”

**Forest Park**  
“This 1,300-acre park is considered one of the nation’s greatest public urban parks and offers a slew of fine cultural attractions, including a zoo, a history museum, a science center, art museum, and an outdoor musical theater.”

**Delmar Loop**  
“I obviously am a big fan of this eight-block stretch, but you should be, too. Said to be one of the top 10 streets in the United States, it’s a buzzing entertainment and dining hub home to 140 shops, galleries, restaurants and music venues.”

### Top Hotels

**THE PENINSULA**  
**Chicago, IL**  
Located right on the Magnificent Mile, this landmark high-rise hotel offers sophisticated suites, a rooftop spa, and several dining options, including a trendy Chinese eatery, a European-style cafe, and a cocktail bar.

**ANGAD ARTS HOTEL**  
**St. Louis, MO**  
Set in a red brick building, this hip, art-inspired boutique hotel features trendy rooms adorned in bright colors and arty murals.

**HAMPTON INN OWENSBORO**  
**Owensboro, KY**  
Offering a Cape Air city hotel office, this LEED-certified hotel is within easy walking distance of downtown’s scenic attractions. See the International Bluegrass Music Museum and Western Kentucky Distillery at Garden.

Cape Air

# The Cape Air difference

High frequency, new multi-engine aircraft, connectivity



- Brand new **multi-engine** aircraft
  - Proposal includes brand-new Tecnam P2012 Travellers, with 9 passenger seats plus 2 pilot seats
  - Flights scheduled to be flown by 2 pilots
- High frequency: **36 flights per week!**
- **American Airlines** codeshare
- Options for both **St. Louis** and **Chicago** service
- Experienced community partner
  - Robust **marketing budget: \$45,000/year**
  - Active community engagement
- **Interline** partnerships with:
  - Alaska
  - American
  - Delta
  - JetBlue
  - United
  - And more
- **TSA Pre-Check**
- Planes and pilots **based in Quincy**



# EAS Proposal Options





# Option 1: 36x per week Quincy – St. Louis



## Drivers

Weekly RTs	36
Minimum completion rate	97%
Daily RTs	5.1
Pax/Dpt	5.4
LF	60%
Fare (average net)	\$50
Pax Rev/Dpt	\$270
Annual Sched Dpts	3,754
Annual Pax	19,665

Note: See escalation factors subsequent slide

4-year option  
preferred

## Expenses

Two-year term; discount for 4-year term, preferred, is noted below

Fuel	\$586,297
Maintenance	\$579,558
Pilots, Supplies & Training	\$575,235
Ownership	\$426,181
Rents	\$193,375
Staff	\$285,576
Landing Fees	\$155,392
Marketing	\$45,000
Customer Svc.	\$45,260
General & Admin./Other	\$125,920
Operating expense	\$3,017,794
Return of 5%	\$158,831
Economic Expense	\$3,176,626
Passenger Revenue	\$983,247
Profit	(\$2,193,378)

<b>Proposed Subsidy</b>	<b>\$2,193,378</b>
<b>Per Departure</b>	<b>\$602</b>

Discount for 4-year term	
<b>Proposed Subsidy</b>	<b>\$2,130,403</b>
<b>Per Departure</b>	<b>\$567</b>

Year 1  
Year 1

# Option 2: 24x weekly STL + 12x weekly ORD



## Drivers

	<u>UIN-STL</u>	<u>ORD-UIN</u>	<u>Total</u>
Weekly RTs	24	12	36
Minimum completion rate	97%	97%	97%
Daily RTs	3.4	1.7	5.1
Pax/Dpt	5.4	5.4	5.4
LF	60%	60%	60%
Fare (average net)	\$50	\$75	\$58
Pax Rev/Dpt	\$270	\$405	\$315
Annual Sched Dpts	2,503	1,251	3,754
Annual Pax	13,110	6,555	19,665

Note: See escalation factors subsequent slide

4-year option  
preferred

## Expenses

Two-year term; discount for 4-year term, preferred, is noted below

	<u>UIN-STL</u>	<u>ORD-UIN</u>	<u>Total</u>
Fuel	\$390,865	\$417,990	\$808,854
Maintenance	\$386,372	\$429,708	\$816,080
Pilots, Supplies & Training	\$383,490	\$201,578	\$585,068
Ownership	\$284,120	\$315,987	\$600,108
Rents	\$128,917	\$14,896	\$143,813
Staff	\$190,384	\$222,276	\$412,660
Landing Fees	\$103,595	\$42,253	\$145,847
Marketing	\$30,000	\$15,000	\$45,000
Customer Svc.	\$30,173	\$0	\$30,173
General & Admin./Other	\$83,947	\$50,624	\$134,570
Operating expense	\$2,011,863	\$1,710,310	\$3,722,173
Return of 5%	\$105,888	\$90,016	\$195,904
Economic Expense	\$2,117,750	\$1,800,327	\$3,918,077
Passenger Revenue	\$655,498	\$491,624	\$1,147,122
Profit	(\$1,462,252)	(\$1,308,703)	(\$2,770,955)
<b>Proposed Subsidy</b>	<b>\$1,462,252</b>	<b>\$1,308,703</b>	<b>\$2,770,955</b>
<b>Per Departure</b>	<b>\$602</b>	<b>\$1,078</b>	<b>\$738</b>
<b>Proposed Subsidy</b>	<b>\$1,420,269</b>	<b>\$1,271,128</b>	<b>\$2,691,397</b>
<b>Per Departure</b>	<b>\$567</b>	<b>\$1,016</b>	<b>\$717</b>

Year 1  
Year 1

# Option 3: 18x weekly STL + 18x weekly ORD



## Drivers

	<u>UIN-STL</u>	<u>ORD-UIN</u>	<u>Total</u>
Weekly RTs	18	18	36
Minimum completion rate	97%	97%	97%
Daily RTs	2.6	2.6	5.1
Pax/Dpt	5.4	5.4	5.4
LF	60%	60%	60%
Fare (average net)	\$50	\$75	\$63
Pax Rev/Dpt	\$270	\$405	\$338
Annual Sched Dpts	1,877	1,877	3,754
Annual Pax	9,832	9,832	19,665

Note: See escalation factors subsequent slide

4-year option  
preferred

## Expenses

Two-year term; discount for 4-year term, preferred, is noted below

	<u>UIN-STL</u>	<u>ORD-UIN</u>	<u>Total</u>
Fuel	\$293,148	\$626,985	\$920,133
Maintenance	\$289,779	\$644,561	\$934,341
Pilots, Supplies & Training	\$287,617	\$302,367	\$589,984
Ownership	\$213,090	\$473,981	\$687,071
Rents	\$96,688	\$22,344	\$119,031
Staff	\$142,788	\$333,413	\$476,202
Landing Fees	\$77,696	\$63,379	\$141,075
Marketing	\$22,500	\$22,500	\$45,000
Customer Svc.	\$22,630	\$0	\$22,630
General & Admin./Other	\$62,960	\$75,936	\$138,896
Operating expense	\$1,508,897	\$2,565,465	\$4,074,363
Return of 5%	\$79,416	\$135,024	\$214,440
Economic Expense	\$1,588,313	\$2,700,490	\$4,288,803
Passenger Revenue	\$491,624	\$737,436	\$1,229,059
Profit	(\$1,096,689)	(\$1,963,054)	(\$3,059,743)
<b>Proposed Subsidy</b>	<b>\$1,096,689</b>	<b>\$1,963,054</b>	<b>\$3,059,743</b>
<b>Per Departure</b>	<b>\$602</b>	<b>\$1,078</b>	<b>\$815</b>
<b>Proposed Subsidy</b>	<b>\$1,065,202</b>	<b>\$1,906,692</b>	<b>\$2,971,894</b>
<b>Per Departure</b>	<b>\$567</b>	<b>\$1,016</b>	<b>\$792</b>

Year 1  
Year 1



To align revenue with costs, Cape Air proposes annual escalation factors



**Annual subsidy including escalation**

Preferred

	<u>Option 1</u>	<u>Option 2</u>			<u>Option 3</u>		
	<u>UIN-STL</u>	<u>UIN-STL</u>	<u>ORD-UIN</u>	<u>Total</u>	<u>UIN-STL</u>	<u>ORD-UIN</u>	<u>Total</u>
Two-year reselection							
Year 1	\$2,193,378	\$1,462,252	\$1,308,703	\$2,770,955	\$1,096,689	\$1,963,054	\$3,059,743
Year 2	\$2,259,179	\$1,506,120	\$1,347,964	\$2,854,084	\$1,129,590	\$2,021,946	\$3,151,536
Four-year reselection							
Year 1	\$2,130,403	\$1,420,269	\$1,271,128	\$2,691,397	\$1,065,202	\$1,906,692	\$2,971,894
Year 2	\$2,194,315	\$1,462,877	\$1,309,262	\$2,772,139	\$1,097,158	\$1,963,893	\$3,061,051
Year 3	\$2,260,145	\$1,506,763	\$1,348,540	\$2,855,303	\$1,130,072	\$2,022,810	\$3,152,882
Year 4	\$2,327,949	\$1,551,966	\$1,388,996	\$2,940,962	\$1,163,975	\$2,083,494	\$3,247,469

# Thank you!

